MICHIGAN CHAMBER OF COMMERCE

To: House Families & Children Services Committee

From: Wendy Block, Michigan Chamber of Commerce WB

Date: December 5, 2007

Re: Chamber Opposes Paid Time-Off Mandate (HB 5261)

Due to a scheduling conflict, I am unable to attend the Families and Children Services Committee meeting this morning. However, the purpose of this memorandum is express the Michigan Chamber's opposition to House Bill 5261 (Rep. Gillard), legislation to require Michigan businesses to provide paid leave for the adoption a child if the employer provides similar leave for an employee upon the birth of a child. The Michigan Chamber believes that *voluntary* paid leave programs better accommodate employees in balancing their work/life demands than "one-size-fits-all" mandates.

The federal Family and Medical Leave Act (FMLA), enacted in 1993, allows an employee who has worked at least 1,250 hours during a 12-month period in an organization of 50 or more employees to take up to 12 work weeks of *unpaid* leave during a 12-month period for the birth or adoption of a child (family leave); the care of a child, spouse, or parent who has a serious health condition; or a serious health condition that prevents the employee from performing the functions of his or her position (medical leave). Many workers are also eligible for *paid* time-off benefits provided by their employer for FMLA leave, including the use of sick- and/or vacation-leave benefits and the employer's disability insurance plan. In fact, according to Department of Labor data, roughly 75 percent of employers provide some form of paid leave.

There are two primary and overarching concerns with HB 5261. The first is the effect the legislation would have on employees. Any state or federal initiative that removes or restricts an employer's flexibility in designing and implementing employee benefit plans tends to work against employees. For example, because the bill requires leave time to be paid to an employee following the placement of a child for adoption if paid leave is provided at the birth of child, this legislation may very well discourage employers from providing paid leave altogether. The second concern is that the legislation conflicts with the paid leave eligibility provisions under a disability insurance policy. Under the federal Pregnancy Protection Act of 1977, pregnancy is considered a medical condition and thus subject to coverage under a disability insurance policy. However, because the adoption of a child is not a medical condition, an employee would not be eligible for paid leave under a disability policy. Thus, in mandating paid leave for adoption, this legislation would impose direct costs on employers.

We respectfully urge you to oppose HB 5261. Please feel free to contact me at 517.371.7678 if you have any questions.